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FM AMEMBASSY SANTIAGO  
TO RUEHC/SECSTATE WASHDC 3992  
INFO RUEHAC/AMEMBASSY ASUNCION 3643  
RUEHBO/AMEMBASSY BOGOTA 2186  
RUEHBU/AMEMBASSY BUENOS AIRES 1153  
RUEHBR/AMEMBASSY BRASILIA 0547  
RUEHCV/AMEMBASSY CARACAS 1854  
RUEHPE/AMEMBASSY LIMA 5820  
RUEHMN/AMEMBASSY MONTEVIDEO 4109  
RUEHQT/AMEMBASSY QUITO 1995  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
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STATE FOR R/MR, I/PP, WHA/BSC, WHA/PDA, INR/IAA

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TAGS: [KMDR](#) [KPAO](#) [PGOV](#) [OPRC](#) [PREL](#) [PGOV](#) [EFIN](#) [CI](#)  
SUBJECT: CHILE MEDIA REPORT - NOVEMBER 26

#### Headline Stories

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[11](#). Peruvian President Alan Garcia phoned President Bachelet to apologize for the remarks made by his Commander-in-Chief, noting the General is being retired. Congress approved the 2009 budget that includes a 5.7% increase in public expenses compared to 2008. A Russian fleet docked in Venezuela.

#### U.S.-Related News

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[12](#). The Natural Resources Defense Council (NRDC), an NGO affiliated with Robert Kennedy Jr., sent 18,000 letters to the GOC urging it to reject the construction of the HidroAysen Project, which consists of five massive planned dams in Chile's far south. The letters say the project will "damage the Chilean Patagonia, which is one of the less altered areas in the world, and therefore one of the most important on the planet." The letters were received in Chile by Environmental Minister Ana Lya Uriarte. Kennedy is NRDC's lead prosecutor and met with Bachelet in March of this year to state the reasons for the organization's opposition to the project (La Segunda, conservative, afternoon, circ. 33,000, 11/26).

[13](#). Geotermia del Pacifico, a branch of American GeoGlobal Energy, will participate in the government's bid for projects to obtain energy from geysers fund in the First Region. The U.S. company has already been studying the places to drill (Estrategia, business and financial daily, circ. 30,000, 11/26).

[14](#). The low dollar exchange rate is the reason why Chilean fruit exports to the United States dropped 13.7% in the 2007-2008 season. The exports went mainly to Europe (La Tercera, conservative, independent, circ. 101,000, 11/26).

[15](#). Conservative think tank Libertad y Desarrollo invited Timothy Geithner a month ago to be the main speaker at its 19th anniversary ceremony in March 2009. This was before Geithner's new appointment. LyD is now looking for a new speaker (El Mercurio, conservative, influential newspaper-of-record, circ. 129,000, 11/26).

#### Editorial: "New U.S. Rescue Plan"

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[16](#). "The U.S economy received a new loan so that it can leave behind the biggest crisis it has experienced since the Great Depression, which has the rest of the world buried in an extended recession.... Is the announcement positive or negative? The answer is not obvious, because the Fed's decision once again shows that the concern of the authorities with the crisis has another side to it

that is tied to the depth of the crisis and its repercussions.... What is the limit to the bailout of financial institutions? The answer is not at all evident and nothing seems to show that the crisis has yet touched bottom" (Diario Financiero, business and financial daily, circ. 30,000, 11/26).

#### Nuclear Energy

17. Argentina, Finland, Russian and the UK are competing in the government's first bid to draft a nuclear energy framework to study the development of this type of energy in Chile (La Tercera, 11/26).

#### Chile-Peru

18. Peruvian Commander-in-Chile General Edwin Donayre said during a toast in a reception earlier this year: "Be assured that we will not let anyone from our southern neighbor (Chile) cross (into Peru). Our position is that any Chilean who crosses will leave in a box, and if there are not enough boxes, in plastic bags." His remarks were posted on YouTube. Chile's Foreign Ministry considered the remarks "tactless" and instructed its Ambassador in Peru to express the government's "dismay and surprise." In the afternoon Peruvian President Alan Garcia phoned Bachelet to provide an explanation and inform her that the General would be retired. The General is also facing accusations of corruption in his country (La Tercera, 11/26).

#### Local Economy

19. Congress yesterday approved the 2009 budget, which considers a 5.7% growth in public expenses and a 7.8% increase in social expenses. The budget includes a permanent subsidy for Transantiago and reinstated resources for public works in connection to the transportation system, education and housing.

#### Venezuela

10. A four-vessel Russian fleet headed by the nuclear ship Peter the Great docked yesterday in the Venezuelan port of La Guaria to start joint exercises in the Caribbean on Monday. The United States was not indifferent to the fleet's arrival and said it would closely observe the exercises, but denied that it saw them as a provocation or a challenge to its influence in the region. Latin America has become one of Russia's priorities and President Medvedev's visit to the region is just one element in Moscow's strategy to increase economic ties and influence in an area that has been traditionally considered of U.S influence. But experts believe Russia will have to work hard to gain influence in those areas where countries such as China and India have gained in the last decade. The figures speak for themselves.

11. Last year, trade between Russia and Latin America amounted to US\$11 billion, while trade with China amounted to US\$102 billion during the same period. Estimates are that Russia's efforts to improve commercial exchange with Latin American could work and increase by 50%. But in the political arena, things are more complex because of the implications. Experts are questioning Russia's decision to expand ties with countries that are considered "unstable" allies, such as Venezuela under Hugo Chavez (El Mercurio, 11/26).

SIMONS